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NESCO, FODAG, MONTREAL FOR ICAO, VIENNA FOR UNIDO

FOLLOWING REPEAT GENEVA 1546 SENT ACTION SECSTATE INFO USUN NEW YORK
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SUBJECT: GENEVA GROUP CONSULTATIVE LEVEL MEETING, MARCH 29-30

REF: (A) GENEVA 1350; (B) GENEVA 0804

1. FOLLOWING ARE TWO OF THE PAPERS PROMISED PARA 5 REFTEL (A).

BEGIN PAPER 1 QUOTE:

AGENDA ITEM 1(A)

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REPORT ON FOLLOW-UP ACTION IN THE WHO AND ILO TO THE DECISIONS
OF THE NEW YORK CONSULTATIVE LEVEL MEETING (6 OCTOBER 1976)

PAPER SUBMITTED BY THE CO-CHAIRMEN

BACKGROUND

1. THE PRESENT EXERCISE, WHICH IS INTENDED TO PROMOTE
COLLECTIVE ACTION BY THE MEMBERS OF THE GENEVA GROUP IN FACE
OF THE RAPID GROWTH OF BUDGETS IN THE UNITED NATIONS SYSTEM,
HAS ITS ORIGIN IN THE FRENCH PROPOSAL AT THE 13TH CONSULTATIVE

LEVEL MEETING (JUNE 1976) TO ESTABLISH A SYSTEM OF BUDGTARY CEILINGS. SUBSEQUENT DISCUSSIONS AT THE CONSULTATIVE LEVEL MEETING IN NEW YORK (OCTOBER 1976) LED TO AGREEMENT ON CERTAIN MODIFICATIONS TO THE ORIGINAL FRENCH IDEA. AS A RESULT IT WAS DECIDED THAT THE CO-CHAIRMEN SHOULD INSTRUCT THE RESPECTIVE LOCAL GROUPS CONCERNED WITH EACH OF THE FOUR MAJOR AGENCIES (WHO, ILO, FAO, UNESCO) TO PREPARE RECOMMENDATIONS ON THREE BASIC QUESTIONS:

A) THE DESIRABILITY AND FEASIBILITY OF ESTABLISHING INDICATIVE TARGET FIGURES FOR THE NEXT BUDGET OF EACH AGENCY AND, ASSUMING A POSITIVE APPROACH, A REASONABLE FIGURE THAT MIGHT BE SET:

B) THE MOST SUITABLE TACTICS TO BE EMPLOYED VIS-A-VIS SECRETARIATS AND OTHER MEMBER STATES TO SECURE GENERAL ACCEPTANCE OF THESE VIEWS;

C) THE TIMING OF ANY ACTION.

FOLLOW-UP ACTION IN WHO AND ILO

2. AS AN INITIAL STEP TOWARDS IMPLEMENTING THESE INSTRUCTIONS, THE CO-CHAIRMEN OF THE GROUP IN GENEVA CALLED PRIVATELY ON THE BUDGET DIRECTORS OF THE WHO (20 OCTOBER 1976) AND ILO (21 OCTOBER 1976) TO DISCUSS WITH THEM THE GROUP'S GROWING CONCERN ABOUT THE LIMITED OFFICIAL USE
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STEEPENING UPWARD TREND IN UN EXPENDITURE. THE TWO DIRECTORS LISTENED WITH INTEREST TO THIS APPROACH. A NUMBER OF POINTS EMERGED FROM THEIR COMMENTS:

A) IT WAS TOO LATE TO INTERVENE IN THE DRAFTING OF EITHER BUDGET FOR THE NEXT (1978-79) BIENNium;

B) THEY WERE RELUCTANT TO DISCUSS THE CONTENTS OF THEIR BUDGETS IN DETAIL WITH A LIMITED GROUP OF COUNTRIES BEFORE THE INFORMATION WAS AVAILABLE TO THE MEMBERSHIP OF EACH ORGANISATION AS A WHOLE; IN ANY CASE, IT WOULD BE VIRTUALLY IMPOSSIBLE TO DO SO UNTIL THE COMPUTERS HAD DONE THEIR WORK AND THE PRINTED VERSION WAS AVAILABLE;

C) HOWEVER, THEY (IN PARTICULAR WHO) WERE VERY INTERESTED IN THE IDEA OF INDICATIVE TARGET FIGURES AND WOULD WELCOME CONCRETE INDICATIONS FROM THE GROUP AS TO WHAT ITS MEMBERS THOUGHT WOULD BE REASONABLE FIGURES FOR THE GROWTH, IN REAL TERMS, OF FUTURE BUDGETS; WHO'S BUDGET DIRECTOR SAID HE WOULD NOT BE WORRIED EVEN IF THE GROUP EXPRESSED A PREFERENCE FOR NEGATIVE REAL GROWTH. BOTH DIRECTORS SAID THEY WOULD BE HAPPY TO DISCUSS WITH THE GROUP HOW SUCH INDICATIONS

COULD MOST USEFULLY BE FORMULATED FROM THEIR POINT OF VIEW; AND WHEN AND HOW THEY COULD BE MOST EFFECTIVELY FED IN.

IT EMERGED CLEARLY FROM THESE FIRST TWO MEETINGS THAT THE INDICATIVE PLANNING APPROACH WOULD BE IRRELEVANT TO THE WHO AND ILO BUDGETS FOR THE 1978-79 BIENNIUM. HOWEVER, THE GROUP REMAINED FREE TO CRITICISE THOSE BUDGET PROPOSALS IN THE TRADITIONAL MANNER AND HAS DONE SO (VIDE INFRA).

3. FOLLOWING THESE TWO INITIAL DEMARCHES BY THE CO-CHAIRMEN, THE GROUP IN GENEVA DISCUSSED THE ADVANTAGES OF PREPARING A LIMITED OFFICIAL USE
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STATEMENT SUMMARIZING ITS VIEWS ON THE PROBLEM OF EXPENDITURE IN THE UN SYSTEM FOR USE IN FUTURE CONTACTS WITH THE WHO AND ILO. THE MEMBERS AGREED TO BASE THIS STATEMENT ON A MODIFIED VERSION OF THE PAPER DISCUSSED AT THE CONSULTATIVE LEVEL MEETING IN NEW YORK. IT WAS ACCEPTED THAT THE CO-CHAIRMEN SHOULD BEGIN EACH MEETING WITH A BUDGETARY DIRECTOR BY DELIVERING AN ORAL STATEMENT BASED ON THE AGREED TEXT (COPY ATTACHED). THE FOLLOWING DAY THE AGREED TEXT WOULD BE FORWARDED "IN CONFIDENCE" TO THE RELEVANT BUDGETARY DIRECTOR WITH AN INDICATION THAT THESE WERE THE NOTES FROM WHICH THE CO-CHAIRMAN HAD SPOKEN BUT WERE NOT FOR WIDER DISTRIBUTION OR PUBLICATION. THIS HAS BEEN DONE.

4. AT SUBSEQUENT MEETINGS WITH THE BUDGET DIRECTORS AND OTHER COMPETENT OFFICIALS OF WHO (16 NOVEMBER AND 16 DECEMBER) AND OF ILO (3 DECEMBER). THE GROUP RAISED A NUMBER OF QUERIES CONCERNING THE RESPECTIVE BUDGETS OF THESE TWO ORGANIZATIONS FOR THE 1978-79 BIENNIUM WHICH UNDERLINED WITHIN THE UN SYSTEM. THE REPRESENTATIVES OF BOTH SPECIALIZED AGENCIES DEFENDED THEIR PROPOSED FIGURES (TOTALLING 170 MILLION US \$ FOR ILO AND 340 MILLION US \$ FOR WHO IN THE BIENNIUM). CLAIMING THEM TO BE BOTH REASONABLE AND ECONOMIC.

5. IN THE COURSE OF THESE MEETINGS THE WHO BUDGET DIRECTOR AND THE ILO DEPUTY DIRECTOR GENERAL MADE A NUMBER OF POINTS RELEVANT TO THE GROUP'S PRESENT AIMS:

(I) BOTH, FOR INSTANCE, STRESSED THE NEED FOR IMPROVED CO-ORDINATION WITHIN CAPITALS, PARTICULARLY BETWEEN THOSE AUTHORITIES RESPONSIBLE FOR PROGRAMME PLANNING AND THOSE RESPONSIBLE FOR FINANCE.

(II) BOTH POINTED OUT THAT PRECISE CONSTITUTIONAL PROCEDURES WERE LAID DOWN FOR THE FORMULATION OF BUDGETS AND THEIR DIRECTORS GENERAL COULD NOT MAKE THE BUDGET A MATTER FOR NEGOTIATION WITH ANY INDIVIDUAL GOVERNMENT OR GROUP OF GOVERNMENTS. IN THE WHO, FOR INSTANCE,
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HE HAD TO BE GUIDED BY WHAT GOVERNMENTS SAID IN THE WORLD HEALTH ASSEMBLY AND THE GROUP'S VIEWS WOULD HAVE TO BE MADE PLAN THERE AS WELL AS IN THE EXECUTIVE BOARD. IN THE ILO THERE WAS THE COMPLICATION OF THE TRIPARTITE STRUCTURE OF THE ORGANIZATION.

(III) ANY STATEMENT OF INDICATIVE TARGET FIGURES BY THE GROUP CONCERNING THE 1980-1981 BIENNium SHOULD BE MADE AT THE WORLD HEALTH ASSEMBLY IN MAY 1977 OR BY AUTUMN 1977 AT THE LATEST. SIMILARLY FIGURES FOR THE ILO WOULD NEED TO BE FED IN BY THE AUTUMN OF THIS YEAR.

8IV) BOTH POINTED OUT THE DIFFICULTY OF SETTING ARBITRARY FIXED LIMITS FOR BUDGETARY INCREASES WHICH TOOK NO ACCOUNT OF COST INCREASES, FLUCTUATIONS IN EXCHANGE RATES AND THE ACTIVITIES OF OTHER RELEVANT UN BODIES, EG THE UN GENERAL ASSEMBLY.

8V) MR FURTH (WHO) SAID THAT REAL GROWTH, HOWEVER, COULD BE MONITORED AND CONTROLLED. SECRETARIES COULD EXPLAIN TO GOVERNMENTS THE IMPLICATIONS OF ANY PARTICULAR FIGURE AND THE EFFECT SUBSEQUENT DECISIONS IN THE ORGANIZATION MIGHT HAVE ON A RESOLVE TO LIMIT REAL GROWTH. IN WHO REAL GROWTH HAD BEEN LIMITED TO AN AVERAGE 2 PERCENT PER ANNUM BUT THE DIRECTOR-GENERAL WOULD BE WILLING TO DISCUSS THE POSSIBILITY OF REDUCING THIS TO A ZERO RATE.

6. EVENTS AT THE 69TH EXECUTIVE BOARD OF WHO (12-28 JANUARY 1977) AND THE ILO GOVERNING BODY (1-4 MARCH 1977) DEMONSTRATED BOTH THE POTENTIAL EFFECTIVENESS OF THE GROUP WHEN ACTING IN A CO-ORDINATED MANNER AND THE DIFFICULTIES OF ACHIEVING THAT IDEAL. IN THE FIRST MEETING CO-ORDINATION BOTH IN CAPITALS AND, TO SOME EXTENT, BETWEEN VISITING DELEGATES IN GENEVA SEEMED TO BE DIFFICULT. ON MORE THAN ONE OCCASION REPRESENTATIVES FOR MEMBER COUNTRIES OF THE GROUP EITHER EXPRESSED OPPOING VIEWS

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OR FAILED TO SUPPORT A COLLEAGUE WHEN ADHERENCE TO THE GROUP'S PROFESSED AIMS MIGHT HAVE BEEN EXPECTED TO PUT THEM ON THE SAME SIDE. NATIONAL INTERESTS, NO DOUBT LEGITIMATE, TENDED TO OBSCURE ARGUMENTS IN FAVOUR OF BUDGETARY RESTRAINT.# ON THE OTHER HAND, IN THE ILO GOVERNING BODY, THOSE MEMBERS PARTICIPATING IN THE SESSION SUCCESSFULLY ACHIEVED A CONSENSUS AND MADE A CO-ORDINATED EFFORT (INCLUDING AN APPROACH TO THE DIRECTOR-GENERAL IN THE NAME OF THE GROUP) TO REDUCE THE PROPOSED BUDGET, THEREBY PLAYING A MAJOR PART IN ACHIEVING SAVINGS OF APPROXIMATELY US\$10 MILLION

(ALTHOUGH OF THIS \$5 MILLION MAY HAVE TO BE PROVIDED LATER).

BUT, ON THE CREDIT SIDE, THE GROUP DID SUCCEED IN ESTABLISHING THAT THE FIGURES QUOTED IN THE OFFICIAL RECORDS FOR THE 1980-81 BIENNIUM WERE TO BE CONSIDERED AS STATISTICAL PROJECTIONS AND THEREFORE OPEN TO AMENDMENT.)

CONCLUSIONS

7. BOTH THE POTENTIAL OF AND THE LIMITATIONS ON CO-ORDINATED ACTIVITY BY THE GROUP EMERGE RATHER CLEARLY FROM THE PRECEDING ACCOUNT. THIS EXERCISE IS AT THE CROSSROADS. SOME IMPACT HAS ALREADY BEEN ACHIEVED ON THE PROBLEM OF BUDGETARY INCREASES BOTH IN WHO AND ILO. BUT THE BIGGEST CHALLENGE LIES AHEAD: CO-ORDINATION OF THE GROUP'S VIEWS ON AND APPROACH TO THE BUDGETS FOR THE 1980-81 BIENNIUM. IF A REASONABLE RATIONALE FOR DEVELOPING AN INDICATIVE TARGET FIGURE CAN BE DEVELOPED, AND IF SUCH A FIGURE CAN BE AGREED UPON WITHIN THE GENEVA GROUP AND PUSHED FORCEFULLY AND CONTINUOUSLY BY THE GENEVA GROUP, WE STAND A REASONABLE CHANCE OF HAVING SOME REAL INFLUENCE OVER SPECIALISED AGENCY BUDGETS IN THE NEXT BUDGET BIENNIUM.

END PAPER 1.

BEGIN PAPER 2 QUOTE

AGENDA ITEM 3

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INFORMAL CO-OPERATION WITH THE USSR

PAPER SUBMITTED BY THE CO-CHAIRMEN

1. IN MID-NOVEMBER 1976 THE SOVIET MISSION IN GENEVA APPROACHED THE MISSIONS OF THE GENEVA GROUP CO-CHAIRMEN ON THE SUBJECT OF INCREASES IN THE ILO BUDGET AND SIMILAR TRENDS IN OTHER ORGANISATIONS WITHIN THE UN SYSTEM. THE SOVIET REPRESENTATIVES SAID THAT THIS WAS NOT A NEW PROBLEM AND THEY HAD DISCUSSED IT IN THE PAST WITH OTHER MAJOR CONTRIBUTORS. THE MAIN QUESTION WAS TO DECIDE HOW THESE BUDGETS COULD BE STABILISED OR INDEED REDUCED. THE SOVIET REPRESENTATIVES WISHED TO PROPOSE THAT THE MAJOR CONTRIBUTORS SHOULD STUDY THIS WHOLE ISSUE MORE CLOSELY, STARTING WITH THE ILO AND COVERING OTHER ORGANISATIONS LATER. THEY INTENDED GOING AHEAD THEMSELVES WITH THEIR OWN PLAN OF CALLING ON THE DIRECTOR-GENERAL OF ILO TO EXPRESS CONCERN ABOUT THE BUDGET INCREASES FOR THE NEXT BIENNIUM AND TO URGE THAT THE ORGANISATION'S BUDGET SHOULD BE MAINTAINED AT ITS EXISTING LEVEL WITH A VIEW TO SUBSEQUENT CLOSER ANALYSIS AND POSSIBLE ADJUSTMENTS BETWEEN VARIOUS ITEMS IN ITS WORK PROGRAMME. IN THE SOVIET VIEW IT MIGHT WELL HELP ILO TO BECOME A MORE EFFECTIVE ORGANISATION IF IT WAS MADE CLEAR THAT THERE WERE LIMITS TO THE

FINANCIAL RESOURCES WHICH MEMBER GOVERNMENTS WERE WILLING TO PLACE AT ITS DISPOSAL. IN THIS CONNEXION REFERENCE WAS MADE TO A LONG-STANDING IDEA OF LIMITING AGENCY BUDGETARY INCREASES TO THE GROWTH IN THE NATIONAL PRODUCT OF MEMBER COUNTRIES. THE SOVIET REPRESENTATIVES URGED THAT ALL THE MAJOR CONTRIBUTORS SHOULD TAKE STEPS - EITHER SEPARATELY OR JOINTLY - TO MAKE THEIR POSITIONS KNOWN TO THE DIRECTOR-GENERAL OF ILO.

2. FOLLOWING THESE DEVELOPMENTS, THE GENEVA GROUP DISCUSSED IN MID-DECEMBER THE POSSIBILITY OF CO-OPERATING WITH THE USSR OVER THE CONTROL OF BUDGETARY INCREASES WITHIN THE UN SYSTEM. THE GROUP THOUGHT THAT, IN VIEW OF ITS OWN CURRENT ACTIVITIES, THE SOVIET APPROACH COULD NOT BE COMPLETELY IGNORED. IT WAS AGREED
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THAT REPRESENTATIVES OF THE PERMANENT MISSIONS OF THE CO-CHAIRMEN IN GENEVA AND OF ANY OTHER MEMBERS CONTACTED SHOULD RESPOND INDIVIDUALLY AND IN A LOW KEY. THEY WOULD NOT REFER TO THE GENEVA GROUP. THEY SHOULD CONFIRM THEIR READINESS TO EXCHANGE VIEWS WITH THE SOVIET AUTHORITIES AT APPROPRIATE TIMES ON BUDGETARY PROBLEMS AND ON MEANS OF DEALING WITH THOSE PROBLEMS. BUT THEY SHOULD EMPHASISE THE NEED TO LIMIT SUCH CO-OPERATION TO BROAD GUIDELINES IN ORDER TO AVOID ANY APPEARANCE OF COLLABORATION AMONG MAJOR CONTRIBUTORS AT THE EXPENSE OF SMALLER MEMBERS.

3. SUBSEQUENT CONTACTS IN JANUARY 1977 BETWEEN THE UK CO-CHAIRMAN AND THE SOVIET MISSION IN GENEVA WERE MARKED BY PROFESSIONS OF GRATIFICATION BY THE LATTER AT THIS READINESS TO EXCHANGE VIEWS AND HAVE SIMILAR DISCUSSIONS AT SUITABLE MOMENTS DURING THE BUDGETARY PROCESS. SOVIET CONCERN STILL SEEMED TO BE CENTRED ON THE ILO BUDGET INCREASE FOR THE NEXT BIENNIUM. IT EMERGED THAT SOVIET AND EAST EUROPEAN REPRESENTATIVES HAD DISCUSSED THIS WITH THE ILO IN DECEMBER 1976 BUT THE OUTCOME HAD NOT PROVED SATISFACTORY FROM THEIR POINT OF VIEW. THE US CO-CHAIRMAN HAD A SIMILAR EXCHANGE WITH THE SOVIET MISSION ABOUT THE WHO BUDGET IN DECEMBER 1976.

4. IN VIEW OF THE ABOVE-MENTIONED DEVELOPMENTS IN GENEVA, IT IS OF PARTICULAR INTEREST TO THE GROUP THAT DURING FEBRUARY 1977 THE SOVIET MISSION IN NEW YORK APPROACHED A NUMBER OF FIFTH COMMITTEE REPRESENTATIVES OF MAJOR CONTRIBUTORS ON A MORE FORMAL BASIS, INDICATING THAT THE USSR WAS KEEN TO CONTINUE AND WIDEN THE CO-OPERATION IN THE FIFTH COMMITTEE WITH WEOG MAJOR CONTRIBUTORS WHICH HAD BEEN, IN SOVIET EYES, SUCH A WELCOME FEATURE OF THE 31ST SESSION OF THE UNGA. WHEN MAKING THESE DEMARCHES, THE SOVIET MISSION HANDED OVER A "NON-PAPER", A COPY OF WHICH IS ATTACHED. END PAPER 2 END QUOTE. CATTO

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